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UNCLAS SECTION 01 OF 04 SAN JOSE 000612

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DEPARTMENT FOR WHA/PPC MIKE PUCCETTI AND DRL/IL PAT DEL  
VECCHIO  
PASS TO USDOL FOR JANE RICHARDS  
USAID/LAC/RSD BARRY MACDONALD

E.O. 12958: N/A

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SUBJECT: COSTA RICA: PROPOSED LABOR PROJECTS UNDER CAFTA-DR  
IMPLEMENTATION INITIATIVE

REF: STATE 26123

Embassy San Jose submits the following projects for departmental consideration under CAFTA-DR mandated trade capacity building implementation, pending ratification of CAFTA-DR by the Costa Rican Legislative Assembly. Per instructions received by post ESTH officer, project proposals related to environmental issues will be submitted via email.

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MODERNIZATION OF LABOR INSPECTION DIRECTORATE  
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--Labor law enforcement in Costa Rica is poor due to an understaffed and under-equipped inspections directorate. Modernization of the labor inspection office would increase individual officer efficiency, improve violation tracking, and improve response time for reported labor abuses and violations. At a minimum, the Ministry estimates that each of the six regional inspection offices must be provided with two inspection vehicles, updated computer equipment, and network connectivity. In addition, labor inspectors would be more effective in recording and reporting labor violations if equipped with laptop computers.

--Budget: The Ministry has not developed a comprehensive budget for the equipment and training necessary to carry out the modernization proposals, but estimates the cost for 12 vehicles, 24 desktop computers, 30 laptop computers and six fax machines at approximately USD 365,000. Additional expenses for communications upgrades, software development and office security necessary for the modernization would be approximately USD 200,000.

--U.S. Policy Objective: Improve labor law compliance, reduce incidence of child labor, improve workplace safety and identify vulnerable or exploited laborers through a more robust inspections regime.

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TRAINING JUDGES IN LABOR LAW  
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--Because of outdated legal procedures and a lack of institutional labor law understanding, labor disputes in Costa Rica routinely take several years to resolve. In order to improve both efficiency and credibility within the system, the Judicial School of Costa Rica seeks to implement labor law and rights training for judges involved in labor issues. Directors of the school first propose to initiate the training locally for an estimated 90 magistrates. A second, more ambitious phase of the project would involve forming a team of labor law experts, who would conduct training seminars in each of the other Central American countries. The regional training project would focus on regional issues and CAFTA-DR compliance, helping to ensure consistent application of legal principles throughout the trade zone. Implementation of the local project would require technical assistance, materials development and reproduction, and training facilities. Additional requirements for the regional team include travel and lodging expenses, materials shipment, facilities and daily meals for participants.

--Budget: Local program budget is estimated at USD 25,000 for three seminars spread over a ten month period. Regional training program budget is estimated at USD 250,000, which assumes all costs to be borne by the project, with no contributions from individual host countries.

--U.S. Policy Objective: Strengthen labor rights enforcement and speed resolution of labor dispute cases. Promote region-wide consistency in application of labor law as it relates to CAFTA-DR implementation and enforcement.

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NORMALIZING MIGRANT WORKER FLOW (GUEST WORKER PROGRAM)  
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--The Ministry has proposed to implement a guest worker program in conjunction with the government of Nicaragua, under which the GOCR establishes annual or seasonal labor needs by sector (primarily agricultural), and then communicates those needs to the GON, which would locate laborers and assist with border crossing issues. The

Ministry reports that local business owners agree in principle with the project proposal, as it would allow them to hire seasonal laborers without resorting to black market recruiters and subjecting them to exorbitant fines. Concerning worker benefits, the Ministry insists that the migrant workers would be entitled to full protection under local labor laws, including minimum wage, medical insurance and disability coverage, and work schedule restrictions. --Budget: Implementation is anticipated to last two years, with an estimated cost of USD 1.5 million. --U.S. Policy Objective: Improve government oversight of migrant laborers, increase worker protections, reduce illicit migratory labor.

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TRIPARTITE LABOR INSPECTION WORKSHOPS  
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--For this project, the Ministry proposes to undertake a six-month dialog between business groups, labor organizations, and the Ministry of Labor in order to increase tripartite understanding of the mission and goals of the labor inspection regime and how preventive inspection differs from investigative or punitive inspection, to ensure mutual understanding of workers' rights, and to help refine the inspection process to better serve the needs of business owners and workers. The proposal calls for regional workshops including 50 participants from the business and labor organizations, and 15 participants from the Ministry. Further, the project calls for individual labor rights training of several representatives from each sector, three times annually for five years. --Budget: The estimated budget for the project is USD 175,000. --U.S. Policy Objective: Open lines of communication between organized labor, government and business organizations. Strengthen labor law compliance and improve workplace safety.

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ELECTRONIC SUBMISSIONS TO LABOR INSPECTORS  
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--Under the proposed system, employers could submit, via the Ministry of Labor's internet site, annual updates on employment practices, including demographic makeup of the workforce, work schedules, pay rates, overtime compensation paid, medical issues, accidents, etc. Using the submitted data, labor inspectors could maintain current employment data on a large number of employers, which would ease the periodic inspection process. Because a comparatively small number of businesses are physically inspected each year, the electronic submissions would help the labor inspection unit maintain current data and allow it to track anomalies within an individual business or industry. Costs of the project would be primarily software development and employer education, and would have to be implemented in tandem with inspection modernization. --Estimated cost of the project for software development, training and implementation is USD 100,000. --U.S. Policy Objective: Increase efficiency of the labor inspection process, thereby increasing compliance with local labor legislation.

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NATIONAL INDEX OF WORKPLACE VULNERABILITY (BY INDUSTRY)  
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--The Labor Ministry intends to develop a national index of industries with high probability of labor law violations and workplace accidents and injuries, which will enable it to better allocate limited inspection resources to enhance protection of workers in these industries. Specific labor markets identified in the project are manufacturing, agriculture, cattle ranching and fishing. --The proposed budget of USD 80,000 assumes existing assets will be used in the collection and evaluation of the necessary data and in the training of labor inspectors for the duration of the one-year project. --U.S. Policy Objective: Improve workplace safety and labor law compliance in those industries where violations are most likely.

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PROMOTING OCCUPATIONAL HEALTH AND SAFETY IN AGRICULTURE  
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--According to Ministry statistics, fifty percent of agricultural workers are not covered by the national worker's compensation program, and occupational safety measures are routinely ignored by the industry. The three-year plan proposed by the Ministry identifies several goals: incorporating occupational health standards into the national fisheries program; establishment of an inter-institutional commission to design and implement an occupational health model for the agricultural sector; establishment of a legal framework for monitoring and enforcing health and safety requirements in agriculture; and training officials from the major agricultural councils in occupational health and safety

policy and implementation.

--Budget: Estimated cost for the three year project is USD 1.5 million.

--U.S. Policy: Implement occupational safety standards in previously overlooked sectors of the Costa Rican Economy.

#### ----- -- IMPROVING CONDITIONS FOR MIGRANT COFFEE WORKERS ----- --

--The Child Labor Eradication Office of the Ministry of Labor proposes improving the living and working conditions of migrant indigenous families from Panama, reducing or eliminating the need for children to work in the coffee plantations. The project calls for heightened inspections of work and living conditions on the plantations, seminars aimed at increasing workers' knowledge of their rights under the law, working with local communities to better integrate the migrant worker population, and establishment of a child care center for migrant children.

--Budget: The estimated cost for the project is USD 350,000.

--U.S. Policy Objective: Reduce child labor in agriculture, improve human rights protections for a high-risk population of workers.

#### ----- -- CHILD LABOR EDUCATION FOR LOCAL GOVERNMENTS ----- --

--Proposed by the Child Labor Eradication Office, this project would identify 20 municipalities with the highest incidence of child labor and provide training in each location to the mayor, five members of the municipal council, and ten administrative and technical officers. It is hoped that by working from the top down to increase sensitivity to child labor issues, the municipality will be better able to monitor and address local conditions that contribute to elevated child labor incidence.

--Budget: The proposed budget for the project is USD 35,000.

--U.S. Policy Objective: Reduction in child labor, particularly in agriculture, one of the worst forms of child labor.

#### ----- -- REMOVING CHILDREN FROM STREET LABOR IN SAN JOSE ----- --

--Of the estimated 35,000 child laborers in the San Jose metropolitan area, OATIA proposes to identify 1,000 children working in the streets, and reintegrate them into a stable family and school environment. Goals for the project include: 75 percent success rate in reintegrating the 1,000 identified children into school; educating the parents of the working children and helping them to find alternate sources of income; and alerting the general public that patronizing child workers encourages child labor. Project implementation calls for establishment of a child labor hotline, providing education (from basic literacy to business management) and small business loans to affected families, and providing basic health services to the working children and their families.

--Budget: Estimated budget for population identification, project implementation and evaluation is USD 110,000.

--U.S. Policy Objective: Remove children from dangerous working conditions on the streets, help families become financially independent, encourage small business development.

#### ----- -- COMMUNITY-BASED CHILD WELFARE COMMITTEES ----- --

--UNICEF-administered program initiated in 2005, which utilizes the country's existing community development network to monitor and report situations of child labor and school dropouts. Costa Rica has in place a national network of community development committees, with one committee established for every 100 households. Volunteer members are trained to assist other community members in developing business opportunities and reporting local utility, road and infrastructure problems. UNICEF proposes to establish within each of these committees a subcommittee devoted to children's issues. Specifically, two or three members on each committee would be trained to identify and report child labor situations in the community. In addition, these members receive training in spotting child abuse warning signs and school truancy, and have the materials and expertise necessary to bring such situations to the attention of appropriate governmental authorities. The pilot project, which began in 2005, has already established 260 child welfare boards and is anticipated to last three additional years, with the goal of removing 6,000 children from work environments in the San Jose and Desamparados regions of the Central Valley.

--The estimated budget for the program is USD 605,000.

UNICEF is funding up to USD 200,000, leaving a budget shortfall of USD 405,000.

--U.S. Policy Objective: Reduce child labor using existing

national network, and increase local awareness of child labor issues.

NOTE: This last project is the only active program on the list. UNICEF requires funding as soon as possible in order to successfully complete the project.

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